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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

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DOUG LITTLE, Interim Chairman

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AZ CORP COMMISSION  
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IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR AUTHORITY TO IMPLEMENT ARSENIC COST RECOVERY MECHANISMS FOR ITS AGUA FRIA WATER, SUN CITY WATER WEST, HAVASU WATER AND TUBAC WATER DISTRICTS.

DOCKET NO. W-01303A-05-0280

DECISION NO. 68310

NOTICE OF COMPLIANCE FILING

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS SUN CITY WEST WATER AND WASTEWATER DISTRICTS.

DOCKET NO. WS-01303A-02-0867

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS MOHAVE WATER DISTRICT AND ITS HAVASU WATER DISTRICT.

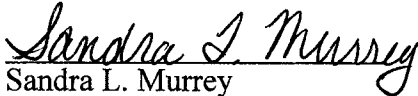
DOCKET NO. WS-01303A-02-0869

IN THE MATTER OF THE APPLICATION OF ARIZONA-AMERICAN WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES BASED THEREON FOR UTILITY SERVICE BY ITS AGUA FRIA WATER DISTRICT, BY ITS ANTHEM WATER DISTRICT, AND ITS ANTHEM/AGUA FRIA WASTEWATER DISTRICTS

DOCKET NO. WS-01303A-02-0870

1 In compliance with Decision No. 68310, EPCOR Water Arizona, Inc. hereby files the  
2 attached 2015 Havasu Arsenic Hook Up Fee Report.

3 RESPECTFULLY SUBMITTED on January 19, 2016.  
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5  
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7   
8 Sandra L. Murrey  
9 Rate Analyst  
10 EPCOR Water Arizona, Inc.  
11 2355 W. Pinnacle Peak Rd, Suite 300  
12 Phoenix, AZ 85027  
13  
14  
15  
16

17 Original and 13 copies **filed**  
18 on January 19, 2016 with:  
19

20 Docket Control  
21 Arizona Corporation Commission  
22 1200 West Washington Street  
23 Phoenix, Arizona 85007  
24

25 Copies of the foregoing **emailed**  
26 on January 19, 2016 to:  
27

28 Brian K. Bozzo  
29 Compliance and Enforcement Manager  
30 Utilities Division  
31 1200 West Washington Street  
32 Phoenix, AZ 85007

**EPCOR Water Arizona, Inc.  
Havasu District  
Arsenic Impact Fee  
For the Year 2015**

<u>Date</u>	<u>Amount</u>	<u>Developer/Builder/Individual</u>	
	\$ 154,860	Prior Year Balance	
4/1/2015	\$ 870	Paul Wellenstein	3810 N. Masters CT, Lake Havasu City AZ 85404
5/28/2015	870	Ludwigsen, Greg & Stacy	8227 W. Rose Garden Ln, Peoria AZ
6/23/2015	870	Palmieri Construction Inc	1894 E. Tradition Ln Lake Havasu
7/13/2015	870	John Smith Backhoe	4049 Window Rock Lake Havasu
10/8/2015	870	Palmieri Construction Inc	1865 E. Tradition Ln, Lake Havasu AZ 86404
	<u>\$ 4,350</u>	Total Collected in 2015	
	<u><u>\$ 159,210</u></u>	Life to Date Collections	

Amount Spent and List of Facilities Installed with Funds

The Havasu Arsenic Impact Fee (AIF) is collected to offset the costs of the Arsenic Removal Facilities installed in our Havasu Water district. At our Havasu Water Plant #4, water is supplied by 2 ground water wells, both of which were contaminated with arsenic above the U.S. Environmental Protection Agency maximum contaminant levels. The Company completed the capital project to remediate the arsenic contamination, with the facilities going in-service in 2006 at an approximate cost of \$2.196 million. All AIF collected since the inception and ongoing are to offset the costs of this plant. The Arsenic Impact Fee is still in effect.

1 in Staff's AIF Tariff Schedule, and as further modified at the hearing, shall be approved.

2 IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with all  
3 requirements discussed in this Order as a condition of approval of the Arsenic Cost Recovery  
4 Mechanism.

5 IT IS FURTHER ORDERED that Arizona-American Water Company shall file a plan with  
6 Docket Control by December 31, 2005 that describes how the Company expects to attain and  
7 maintain a capital structure (equity, long-term debt, and short-term debt) with equity representing  
8 between 40 and 60 percent of total capital.

9 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, by April 1<sup>st</sup>  
10 of each year subsequent to any year in which it collects surcharges under an ACRM, a report with  
11 the Utilities Division Director showing the Company's ending capital structure by month for the  
12 prior year.

13 IT IS FURTHER ORDERED that Arizona-American Water Company shall modify the rate  
14 base calculation for the Havasu Water District to explicitly show a deduction for Arsenic Impact Fee  
15 collections.

16 IT IS FURTHER ORDERED that, as part of the Earnings Test schedule filed in support of the  
17 ACRM, Arizona-American Water Company shall incorporate adjustments conforming to Decision  
18 No. 67093.

19 IT IS FURTHER ORDERED that Arizona-American Water Company shall file the schedules  
20 discussed in its application, as modified by Staff's recommendations herein. Microsoft Excel or  
21 compatible electronic versions of the filings and all work papers should be filed concurrently with all  
22 ACRM filings.

23 IT IS FURTHER ORDERED that Arizona-American Water Company shall file permanent  
24 rate applications for its Sun City West, Agua Fria, and Havasu districts by no later than April 30,  
25 2008, based on a 2007 test year.

26 IT IS FURTHER ORDERED that, for the Havasu District, Arizona-American Water  
27 Company shall file with Docket Control by January 31<sup>st</sup> of each year, an annual calendar year status  
28 report, until the AIF Tariff is no longer in effect. The status report shall contain a list of all

1 customers that have paid the AIF, the amount each customer has paid, the amount of money spent  
 2 from the AIF, and a list of all facilities that have been installed with funds from the AIF Tariff  
 3 during the 12-month period

4 IT IS FURTHER ORDERED that Arizona-American Water Company shall file the schedules  
 5 and information described above, as well as any additional relevant data requested by Staff, as part of  
 6 any request for an Arsenic Cost Recovery Mechanism step increase.

7 IT IS FURTHER ORDERED that Arizona-American Water Company shall annually file as  
 8 part of its annual report, an affidavit with the Utilities Division attesting that the Company is current  
 9 in paying its property taxes in Arizona.

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